

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 3814-02
BILL NO. HJR 70
SUBJECT: Constitutional Amendments: Health Care; Tobacco Products
TYPE: Original
DATE: March 7, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue*	(\$135,464,421)	(\$162,447,798)	(\$164,044,888)
Fund for Missouri's Future	\$135,420,621	\$162,447,798	\$2,131,581
Health Care Trust	\$0	\$0	\$161,913,307
Total Estimated Net Effect on <u>All</u> State Funds	(\$43,800)	\$0	\$0

*Foregone anticipated revenues (deposited in Fund for Missouri's Future or the Health Care Trust Fund instead of the General Revenue Fund)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Social Services, Department of Health, Department of Mental Health, Department of Revenue (DOR), Department of Transportation and Office of the State Treasurer** assumed that the proposed legislation would have no fiscal impact on their agencies or that they could accomplish duties under this proposal with existing resources.

Estimates of amounts Missouri will receive from the Master Settlement Agreement are ranged from estimates made by the Office of Administration - Division of Budget and Planning to estimates published by the National Governors Association (NGA).

Budget and Planning's estimates assume upward inflation adjustments of three percent (3%) to each years annual payment and downward volume adjustments of 10% in 2000, 12.7% in 2001, 14.9% in 2002, and 16.6% in 2003. These volume adjustment assumptions are those recommended by Federal Funds Information for States and are based on estimates developed by Standard and Poors.

The NGA figures do not include any offsets, reductions or adjustments; therefore, Oversight has included a 3% per year inflation adjustment.

For purposes of simplifying the fiscal note, **Oversight** has used the estimates of the Office of Budget and Planning. Please see the attachment for complete schedules of ranges of estimates.

Advertisement costs for the proposal would be \$4,380 per newspaper column inch for three publications of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2000 general election.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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GENERAL REVENUE FUND

Cost-Secretary of State

Newspaper Advertisements	(\$43,800)	\$0	\$0
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Foregone Revenue - Tobacco Settlement	(\$135,420,621)	(\$162,447,798)	(\$164,044,888)
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

	<u>(\$135,464,421)</u>	<u>(\$162,447,798)</u>	<u>(\$164,044,888)</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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FUND FOR MISSOURI'S FUTURE

<u>Income</u> - Tobacco Settlement	\$135,420,621	\$162,447,798	\$2,131,581
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**ESTIMATED NET EFFECT ON FUND
FOR MISSOURI'S FUTURE**

<u>\$135,420,621</u>	<u>\$162,447,798</u>	<u>\$2,131,581</u>
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HEALTH CARE TRUST FUND

<u>Income</u> - Tobacco Settlement	\$0	\$0	\$161,913,307
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**ESTIMATED NET EFFECT ON
HEALTH CARE TRUST FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$161,913,307</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
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\$0	\$0	\$0
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would specify that the first \$300,000,000 of monies received from an award or settlement between the state of Missouri and tobacco companies would be deposited into the Fund for Missouri's Future which would be invested by a tobacco settlement commission and not appropriated without voter approval. Earnings on the Fund for Missouri's Future would be credited to the Fund until the balance in the Fund reached \$1,000,000,000.

Settlement payments received after the first \$300,000,000 would be deposited into the Health Care Trust Fund and would be subject to appropriation for smoking prevention and cessation, health care and health care research as provided by law.

This legislation is not federally mandated, would not duplicate any other program, would not

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DESCRIPTION (continued)

require additional capital improvements or rental space. The proposal would not affect Total State Revenues.

SOURCES OF INFORMATION

Department of Health
Department of Mental Health
Department of Revenue
Department of Social Services
Department of Transportation
Secretary of State
State Treasurer
National Governors Association
Federal Funds Information for States Issue Brief 99-16: Estimating Tobacco Payments



Jeanne Jarrett, CPA
Director
March 7, 2000

Year	OA - B&P	Governors Association	3% CPI Increase
1998	\$54,590,426	\$54,590,426	\$54,590,426
1999	\$0	\$0	\$0
2000	\$129,451,392	\$145,841,736	\$150,216,988
2001	\$135,420,621	\$157,485,647	\$167,076,523
2002	\$162,447,798	\$189,094,295	\$206,623,336
2003	\$164,044,888	\$190,883,868	\$214,820,705
2004	\$143,399,390	\$159,313,061	\$184,659,769
2005	\$144,834,156	\$159,313,061	\$190,203,864
2006	\$146,278,082	\$159,313,061	\$195,907,271
2007	\$147,740,792	\$159,313,061	\$201,785,923
2008	\$164,693,218	\$175,833,051	\$181,916,875
2009	\$166,353,707	\$175,833,051	\$236,266,871
2010	\$168,003,541	\$175,833,051	\$243,352,943
2011	\$169,675,393	\$175,833,051	\$250,667,598
2012	\$171,378,869	\$175,833,051	\$261,340,664
2013	\$173,100,158	\$175,833,051	\$265,929,906
2014	\$174,833,563	\$175,833,051	\$273,895,144
2015	\$176,602,091	\$175,833,051	\$282,124,130
2016	\$178,364,609	\$175,833,051	\$290,581,700
2017	\$180,168,255	\$175,833,051	\$299,303,019
2018	\$188,424,839	\$182,059,072	\$319,204,171
2019	\$190,339,585	\$182,059,072	\$328,780,478
2020	\$192,257,965	\$182,059,072	\$338,629,874
2021	\$194,207,025	\$182,059,072	\$348,788,770
2022	\$196,152,138	\$182,059,072	\$359,257,167
2023	\$198,156,125	\$182,059,072	\$370,035,064
2024	\$200,180,829	\$182,059,072	\$381,140,667
2025	\$202,222,663	\$182,059,072	\$392,573,977
Total	\$4,513,322,118	\$4,589,951,302	\$6,989,673,821